

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 /026 R

DRAFTED BY PM/NPO:LVNOSENZO/DS

APPROVED BY PM:GSVEST

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P 272159Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BONN PRIORITY

S E C R E T STATE 069772

EXDIS

E.O.11652: XGDS-3

TAGS: PARM

SUBJECT: PROPOSED FRG NUCLEAR SALE TO BRAZIL

REF; STATE 66712

1. AS A FOLLOW-UP TO INGERSOLL/VON STADEN MEETING (REPORTED IN REFTEL), DEPARTMENT AND ACDA DISCUSSED WITH FRG EMBASSY OFFICIALS PATERMANN AND STELZENMULLER US CONCERNS RE PROPOSED FRG NUCLEAR SALE TO BRAZIL. THE FOLLOWING POINTS WERE MADE.

2. US IS CONCERNED ABOUT SUPPLY OF FULL FUEL CYCLE CAPABILITIES (ENRICHMENT AND REPROCESSING) INHERENT IN PROPOSED FRG SALE TO BRAZIL. FRG SALE WOULD SET PRECEDENT FOR TRANSFERS TO BOTH NPT AND NON-NPT PARTIES AND SET STANDARDS FOR SPECIFIC PROVISIONS OF SUCH SALES, THUS PREEMPTING THE MULTILATERAL UNDERSTANDINGS ON NUCLEAR

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EXPORTS THAT WE ARE CURRENTLY SEEKING.

2. THE FRG HAS STATED THAT THE BRAZIL AGREEMENT REPRESENTS A STEP FORWARD IN NON-PROLIFERATION EFFORTS AND THERE IS LITTLE PROSPECT OF GETTING MORE COMPREHENSIVE AGREEMENT. US ACKNOWLEDGES THAT THE CONDITIONS FOR SALE INCLUDE MANY OF THE ELEMENTS US HAS PROPOSED: APPLICATION OF AGENCY SAFEGUARDS BOTH TO THE SUPPLIED EQUIPMENT, SUPPLIED AND PRODUCED MATERIALS AND TECHNOLOGY, PROVISION PROHIBITING USE OF THESE FOR NUCLEAR EXPLOSIVES AND PROVISIONS FOR ADEQUATE PHYSICAL SECURITY. US ALSO NOTES THAT FRG HAS ATTEMPTED TO GET FURTHER CONDITIONS SUCH AS IAEA SAFEGUARDS ON ALL BRAZILIAN NUCLEAR ACTIVITIES AND A GENERAL COMMITMENT NOT TO DEVELOP OR ACQUIRE NUCLEAR EXPLOSIVES, BUT HAS NOT BEEN SUCCESSFUL IN THIS REGARD. THEREFORE, WHILE THE US ACKNOWLEDGES THAT THE FRG PROPOSED CONDITIONS ARE EXTENSIVE, THEY ALSO FALL SHORT OF US SUGGESTED POLICIES. US FEELS FRG MAY BE PREJUDGING THE OUTCOME OF POSSIBLE MULTILATERAL AGREEMENT AND THEREFORE URGES THAT FRG RECONSIDER DECISION TO PROCEED AT THIS TIME.

4. IF THE FRG NEVERTHELESS INTENDS TO PROCEED WITH SALE TO BRAZIL, US SUGGESTS THE FOLLOWING ADDITIONAL ELEMENTS BE INCLUDED IN THE COVERING AGREEMENT:

A) PROVISION FOR CONTINUING INVOLVEMENT BY THE SUPPLIER IN REPROCESSING AND ENRICHMENT PROGRAMS, TO INCLUDE JOINT OWNERSHIP, VOICE IN POLICY DECISIONS AND TECHNICAL/OPERATIONAL PRESENCE.

B) CLEAR DEFINITION IN BILATERAL AGREEMENT OF GUIDELINES FOR IMPLEMENTATION OF IAEA SAFEGUARDS COVERING TECHNOLOGY TO MINIMIZE POSSIBILITY OF LEGAL QUESTIONS CONCERNING WHOSE TECHNOLOGY IS INVOLVED IN DEVELOPING NEW FACILITIES.

C) SPECIAL PROVISIONS TO ASSURE EFFECTIVENESS OF IAEA SAFEGUARDS ON ENRICHMENT AND REPROCESSING PLANTS, INCLUDING SUPPLIER CONCURRENCE ON IAEA FACILITY ATTACHMENTS, AND LIMITATION TO LOW-ENRICHED CASCADES.

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D) SPECIFIC PROVISION FOR APPLICATION OF BILATERAL SAFEGUARDS BY SUPPLIER COUNTRY IF IAEA SAFEGUARDS ARE REMOVED.

E) INCLUSION OF PROVISION FOR ADDITIONAL SUPPLIER CONTROL OVER TIMETABLE FOR DEVELOPING FUEL CYCLE FACILITIES, SUCH AS JOINT FRG/BRAZIL DETERMINATION OF APPROPRIATE

DEVELOPMENTAL SCHEDULE.

5. US PLANNED ON DISCUSSING THE CONDITIONS AND TERMS HIGHLIGHTED ABOVE IN CONTEXT OF A SUPPLIERS CONFERENCE. DUE TO IMMINENCE OF PROPOSED FRG SALE, AND IN LIGHT OF JOINT INTEREST IN NON-PROLIFERATION AND PREVIOUS PRO-DUCTIVE US-FRG NON-PROLIFERATION DISCUSSIONS, US BELIEVES THAT WE SHOULD DISCUSS ABOVE CONDITIONS RE THIS SPECIFIC EXPORT CASE BILATERALLY AS SOON AS POSSIBLE EITHER IN WASHINGTON OR BONN.

6. TEXT OF SUBSTANCE OF POINTS IN PARA 2 TO 5 PROVIDED TO FRG EMBASSY OFFICIALS WHO WILL PURSUE QUESTION OF FOLLOW-ON MEETING WITH BONN. NO ACTION REQUIRED BY EMBASSY AT THIS TIME. KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, SALES, NUCLEAR AGREEMENTS, NUCLEAR FUELS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE069772
Document Source: CORE
Document Unique ID: 00
Drafter: LVNOSENZO/DS
Enclosure: n/a
Executive Order: X3
Errors: N/A
Film Number: D750108-0018
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975038/aaaaahfh.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 66712
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2003 by KelleyW0>; APPROVED <22 SEP 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED FRG NUCLEAR SALE TO BRAZIL
TAGS: PARM, GE, BR, US
To: BONN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006